

	Price	5 Day % Change	3 Month % Change	1yr % Change
S&P/ASX300	65,275	-3.87%	1.22%	-8.00%
MSCI World Ex-Aus. (Unhedged)	10,965	-4.59%	1.99%	2.20%
MSCI World Ex-Aus. (Hedged)	1,840	-5.47%	-0.25%	0.30%
Bloomberg AusBond 0+ Composite	10,740	0.15%	1.12%	3.95%
Bloomberg Barclays Global Agg. (Hedged)	1,104	0.08%	-0.35%	3.84%
S&P/ASX300 Property	49,054	-3.35%	6.41%	-17.61%
FTSE/Epra NAREIT (Hedged)	2,236	-4.75%	-3.97%	-25.61%
S&P Global Infrastructure (Hedged)	4,484	-5.50%	-2.05%	-20.13%
BarclayHedge Global Hedge Fund Index (USD)	6,074	N/A	4.43%	5.17%
VIX	38.0	38.00%	55.44%	209.11%
Gold in AUD	2,673	0.34%	-1.70%	23.38%
AUDUSD	0.7028	-1.55%	-2.32%	1.81%
AUDEUR	0.6035	0.27%	-0.63%	-2.58%
AUDNZD	1.0625	-0.43%	-1.07%	-1.69%
AUDGBP	0.5427	-0.83%	-1.23%	1.39%
AUDJPY	73.5570	-1.64%	-2.43%	-2.15%

Source: Bloomberg, S&P Dow Jones, MSCI, FTSE/EPRA, Barclays, 1st November 2020

Global equities experienced the worst week since March last week. Records of rising coronavirus cases and renewed lockdowns in the northern hemisphere weighed on stock markets, as well as rising US bond yields.

Australia, in contrast, is seeing much better coronavirus outcomes and state restrictions on movement are being eased. Nevertheless, the RBA is expected to ease monetary policy further on Tuesday. The Federal Reserve will also meet, with no change in policy expected.

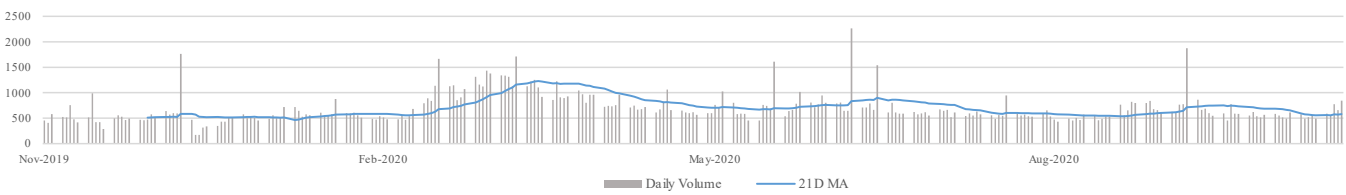
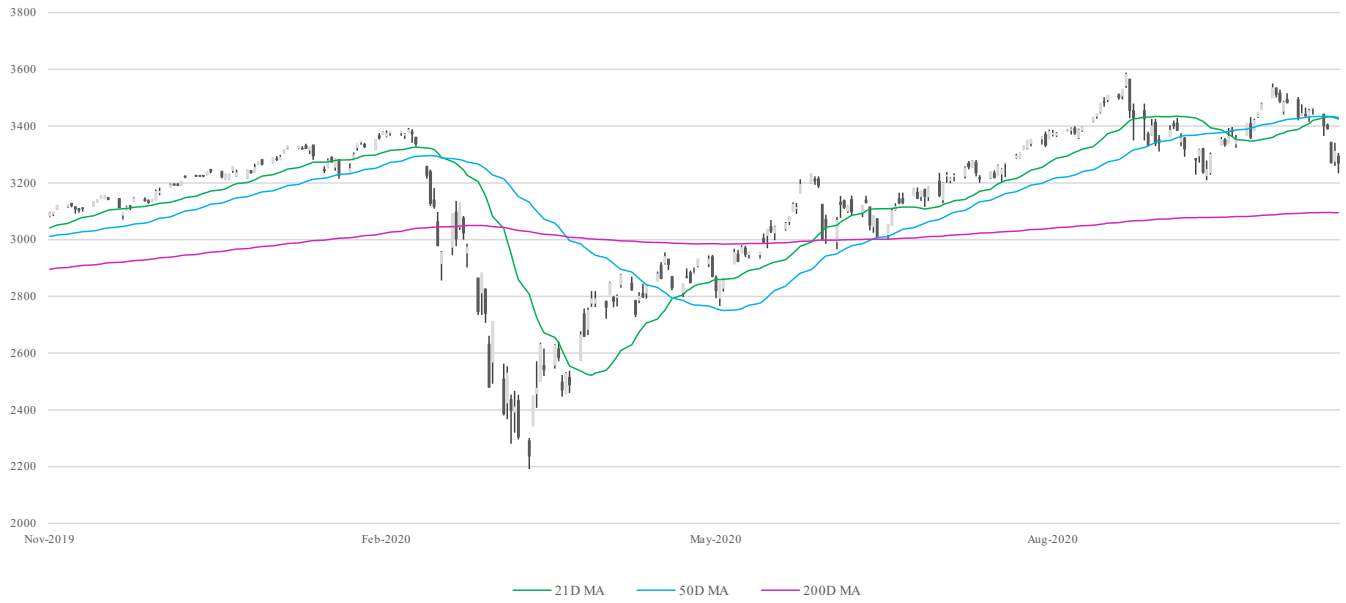
The first week of the month will also see US employment data, the ISM surveys, and global PMIs. But the US election on Tuesday (Wednesday daytime in Australia) will be the obvious focus of everyone's attention.

Global markets switched to sharply risk-off last week. Equities slid through the 50-day moving averages on reasonably high volumes, the VIX surged, and the US dollar rallied. Brent crude fell by over 10% to US\$37.46 per barrel.

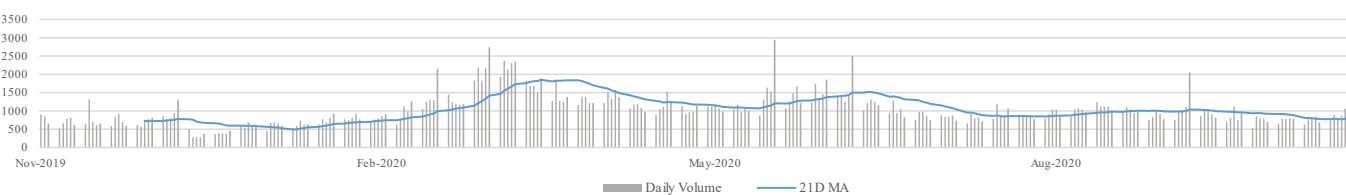
By far the biggest drag on markets was the surge in new coronavirus cases. The US saw a record of more than 99k new daily cases on Friday. New global cases hit a record of 565.8k, according to Johns Hopkins University. More than 230k Americans have now died as a result of COVID-19.

Unsurprisingly given the polls, investors are increasingly pricing a Democrat win in the US elections this week. US bond yields are rising, against the trend in other bond markets, as. A larger fiscal stimulus boost than under the Republicans would see the supply of bonds increase, as well as greater inflationary pressures over the long-term.

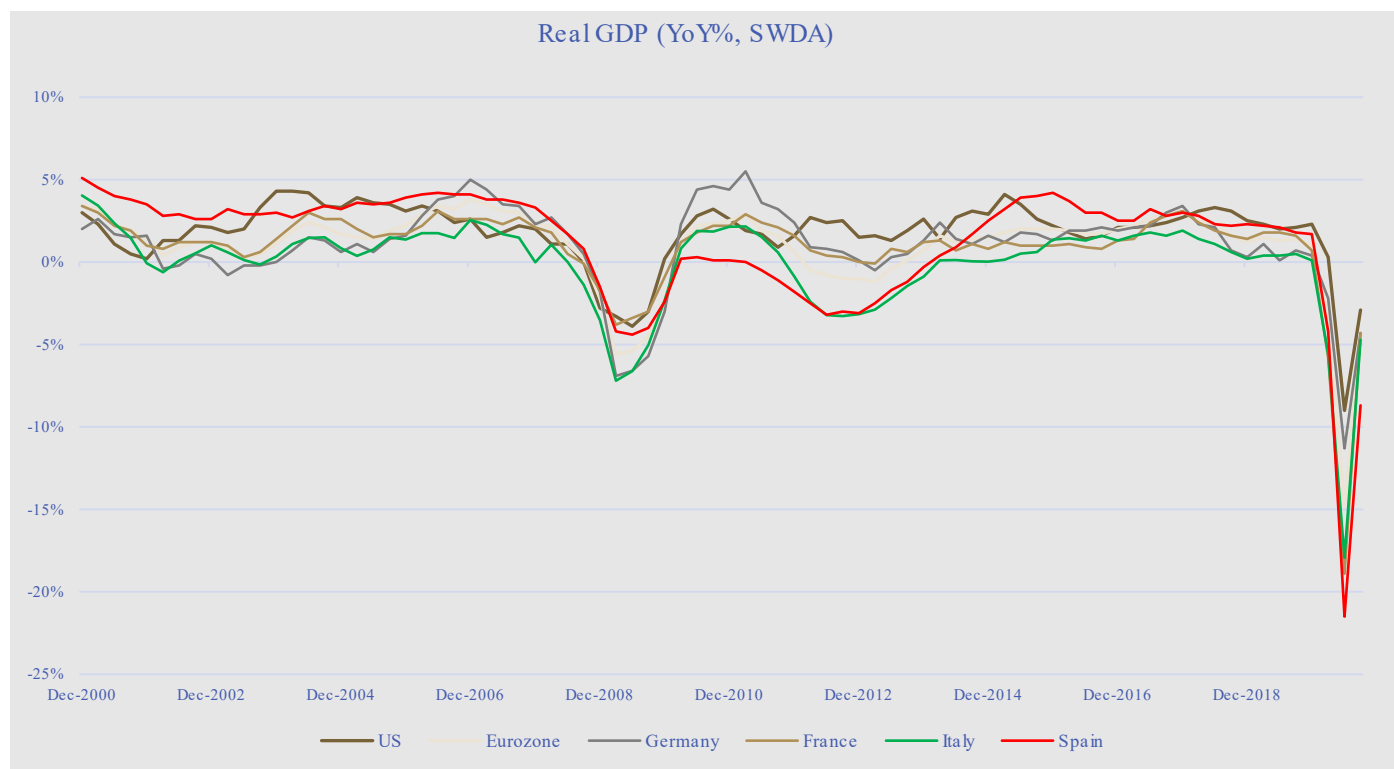
S&P500



S&P/ASX300



Source: Bloomberg, S&P Dow Jones, 1st November 2020



Source: Bloomberg, BEA, Eurostat, GFSO, INSEE, ISTAT, INE, 1st November 2020

Several European countries are increasing restrictions on movement. Over the weekend the UK was the latest to announce a lockdown in England for four weeks. The 80% salary payments (JobKeeper equivalent) will be extended through November as the government hopes to allow gatherings again by Christmas.

The US and several European nations published third-quarter GDP results last week. Despite strong rebounds, the year-on-year falls are still at levels that are in line with the depths of the GFC. There is still a long way to go to return to 2019 levels of activity, and the recent rise in new cases and lockdowns is likely to severely hamper the recovery.

Q3 earnings results are still declining compared to Q2, although the US is surprising to the upside by a considerable margin. Earnings are down just -8.16% QoQ, a positive surprise of +17%, with 320 of 500 S&P constituents having published results. Europe (Stoxx 600) and Japan (Topix) are seeing quarterly declines of -21.6% and -22.4% respectively.

Australia is among a collection of Asia-Pacific countries that are faring far better in comparison. On Saturday, Australia recorded zero new cases for the first time in five months. The 14-day average is now just 2.2 cases in metropolitan Melbourne and 0 in rural Victoria. Both Victoria and WA announced further easing of restrictions last week. However, the Labor victory in the Queensland state election is likely to see the border closed to residents of Sydney and Victoria for a while longer.

In terms of data, the Chinese official Manufacturing (51.4) and Non-Manufacturing (56.2) PMI surveys showed that larger firms continued to recover at a healthy pace, despite some signs of softness in the domestic economy last month.

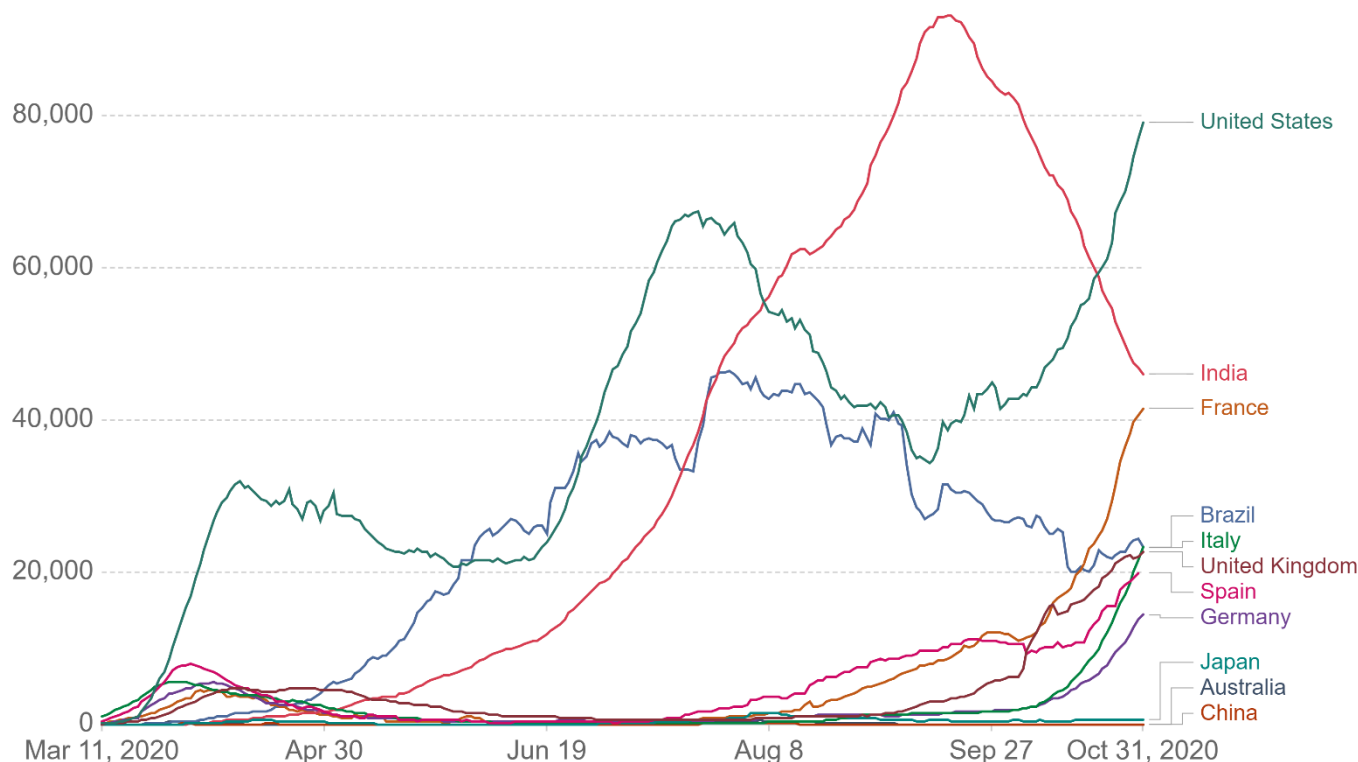
Australian Q3 CPI also came in higher than expected at +1.6% (+0.7%) year-on-year, although there were some distortions following the end of free childcare. Inflation is still well below the RBA's 2% to 3% target range, and it is highly likely that the RBA will cut the overnight cash rate from 0.25% and possibly increase quantitative easing (QE) on Melbourne Cup Day this week. Major policy changes often occur in a month when the quarterly Statement on Monetary Policy is published (due out this Friday), giving the Board more scope to explain the decision and guide the market on the outlook. Governor Lowe is known not to espouse Modern Monetary Theory, so an interest rate cut is more likely than more QE. The market is pricing an 83% of a cut and an implied cash rate of 0.05%.

Besides the US election and RBA meeting, the Federal Reserve will meet this week with no change expected. The American ISM surveys and broader set of global PMIs will be published, and the week will end with the US employment data, with unemployment expected to have fallen from 7.9% to 7.7% in October.

Daily confirmed COVID-19 cases, rolling 7-day average

The number of confirmed cases is lower than the number of total cases. The main reason for this is limited testing.

Our World
in Data



Source: European CDC – Situation Update Worldwide – Last updated 31 October, 10:35 (London time) OurWorldInData.org/coronavirus • CC BY
Note: The rolling average is the average across seven days – the confirmed cases on the particular date, and the previous six days. For example, the value for 27th March is the average over the 21st to 27th March.

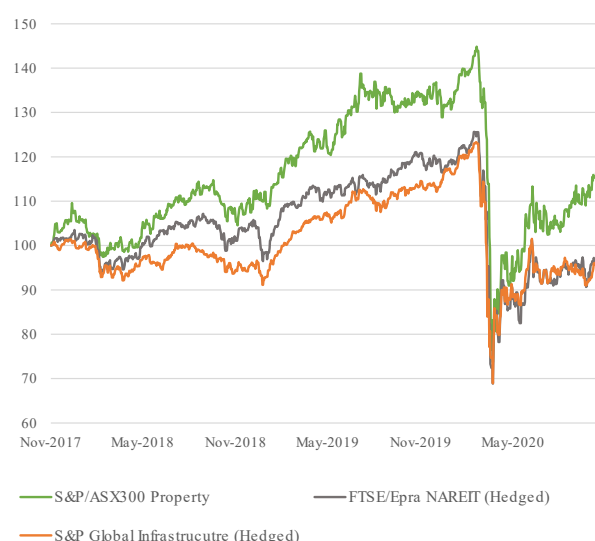
Significant Upcoming Data:

	Monday	Tuesday	Wednesday	Thursday	Friday
Australia	Building Approvals; ANZ Job Ads; CoreLogic House Prices; CBA Manuf. PMI; Priv.Sector Houses; Melbourne Inst.Inflation; RBA Commodity Index; AiG Perf. of Manuf.;	RBA Meeting; ANZ Roy Morgan Weekly Cons.Conf.	Retail Sales; CBA Serv. & Comp. PMI; ABS Weekly Payrolls; AiG Perf. of Constr.;	Trade Balance	RBA Statement on Monetary Policy; Foreign Reserves; AiG Perf. of Services;
US	ISM Manufacturing; Markit Manuf. PMI; Construction Spending; Wards Vehicle Sales;	US Election; Durable Goods (Sep. Final) Factory Orders	ISM Services; Trade Balance; Markit Serv.& Comp. PMI; ADP Employment; MBA Weekly Mortgage Apps.;	FOMC Meeting; Challenger Job Cuts; Non-Farm Prod. & Unit Labour Costs; Weekly Jobless Claims;	Labor Report; Wholesale Inventories; Wholesale Trade Sales; Consumer Credit;
Europe	Tier 2 Manuf. PMIs; Italian Budget Balance	Swiss CPI French Budget Balance	Tier 2 Serv. & Comp. PMIs; EZ PPI; Spanish & Irish Unemp.;	UK & German Constr. PMI; EZ Retail Sales; Irish Ind.Prod.;; Swedish Ind.Orders	German, Danish Spanish & Norwegian Ind.Prod.; Swiss For.Curr. Reserves; Finnish Trade; Italian Ret.Sales. French Trade and Curr. Acc.;
Japan	Jibun Manuf. PMI; Vehicle Sales; [Vehicle Production]	Culture Day	Monetary Base;	Jibun Serv. & Comp. PMI;	Labour/Real Cash Earnings; Household Spending;
China	Caixin Manuf. PMI;		Caixin Serv.& Comp. PMI;		BoP Curr. Account [Trade Balance]

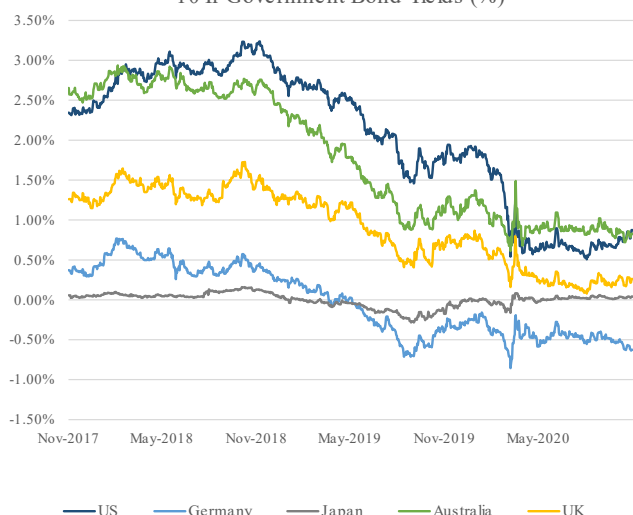
3 Yr Equity Indices (Rebased to 100)



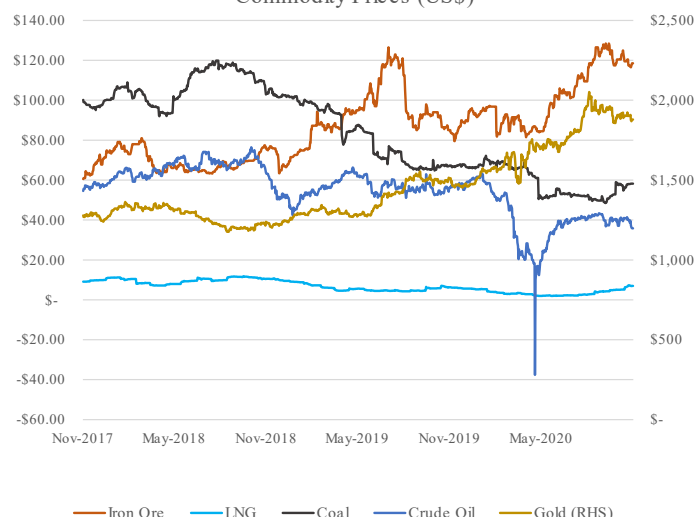
3 Yr Property & Infrs. Indices (Rebased to 100)



10 Yr Government Bond Yields (%)



Commodity Prices (US\$)



Source: Bloomberg, S&P Dow Jones, MSCI, FTSE/EPRA, 1st November 2020

General Advice Disclaimer

Disclaimer: The information contained in this document has been prepared for providing general information only and does not take into account any particular investor's objectives, financial situation or needs. Birling Private Wealth Pty Ltd [ACN 640535557 | AFSL 523245] make no representations or warranties as to the accuracy or completeness of any statement in this document including, without limitation, any forecasts. Past performance is often not a reliable indicator of future performance. You should not rely solely on past performance to make investment decisions. Before making any investment decisions, consider the appropriateness of the information and seek professional advice, having regard to your investment objectives, financial situation, and needs.

Birling Private Wealth Pty Ltd (AFSL 523245) is authorized to provide financial services to wholesale and retail client (within the meaning of the Corporations Act 2001 (Cth)).